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C O N F I D E N T I A L ATHENS 000581

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TAGS: [MARR](#) [MCAP](#) [MASS](#) [NATO](#) [PREL](#) [PINR](#) [GR](#)
SUBJECT: DAS BOOT DOMINATES GERMAN,S VISIT TO ATHENS

REF: 2006 ATHENS 3174

Classified By: POLCOUNS ROBIN QUINVILLE. REASONS 1.4 (B) AND (D).

11. (SBU) On March 12, German Defense Minister Dr. Franz Josef Jung met with Greek Minister of Defense Meimarakis to discuss bilateral defense cooperation issues, defense and security priorities of the German EU presidency, and the overall situation in Southeastern Europe and the Eastern Mediterranean. But a question and answer period with the press was dominated by the issue of the four Type 214 submarines being built by Germany for the Hellenic Navy. The Navy has repeatedly postponed taking delivery of the new subs, developed by the German shipyard of Howaldtswerke-Deutsche Werft GmbH, following reports that the boat lists when surfaced in heavy seas and has a noisy propulsion system despite claims by the manufacturer that it is amongst the quietest subs now in production (reftel).

12. (SBU) Meimarakis underscored that Greece expected "contractual obligations" on the sub would be met in full, while Jung delivered what Greek press reports described as an "indirect warning" concerning the Skaramangas shipyards outside Athens. The shipyards, which are controlled by the German group Thyssen Krupp Marine Systems AG, are seeking to build German-designed frigates for the Hellenic Navy. Withdrawal of German support for the shipyards could throw 1,600 Greek shipbuilders out of work.

13. (C) A high-level official at the Hellenic Navy General Staff told Embassy Naval Attache that work on the submarines, which is almost two years behind schedule, had halted and that there was talk of bringing in a mediator to settle the dispute. Greece had paid 70 percent of the cost of the program and acceptance of the subs in their current state, the source commented, would be the result of a purely political decision not supported by the Navy.⁸ NavATT also had an opportunity to visit the second of the four German subs being built in Greece. The commander said major problems included a listing of 50 degrees in even medium seas and issues with the air-propulsion system. Sub number two is scheduled for sea trials in September.

14. (C) COMMENT: The technical faults the Greeks have found in the subs would seem to justify a re-negotiation of the contract, which the Germans have repeatedly rejected. But the Germans hold an ace up their sleeve: the Skaramangas shipyards, which are slated to finish the contract for the four subs, as well as at least two German-designed frigates. Withdrawal of the German contracts would hit hard the already suffering Greek shipbuilding industry.
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